

going to die in 2009 in this part of the Democratic budget; that you are projecting deaths in 2009 to be 7,000?

Mr. CONRAD. No, this is this Tax Policy Center, I say to my colleague, and they estimate the number of estates in any year, and then they do a further analysis of how many would actually pay an estate tax, and what they have concluded is two-tenths of 1 percent.

Mr. GREGG. If the Senator would yield further, I wanted to clarify where the number came from. I did not know if the Senator, as chairman of the Budget Committee, was calling on this number of people to die during 2009 for the chart?

Mr. CONRAD. I know the Senator is pulling my chain. Even as slow witted as I am, I can recognize when a Senator is pulling my chain, and here on my birthday, my friend and my colleague is doing that.

What we have tried to do is come up with an alternative. I will send this amendment to the desk to provide an alternative approach to that which the Senator from Arizona is offering, to go over and above what is in the Baucus amendment.

I say to my colleague, it provides another \$45 billion, so that in addition to extending the estate tax exemptions of 2009, \$7 million a couple, \$3.5 million an individual, instead of dropping down to \$2 million a couple or \$1 million, we stay at the \$7 million; index it for inflation.

But in this amendment I am sending to the desk, I say to my colleague, it also provides another \$45 billion in a reserve fund, which means it would have to be offset either by a spending reduction or other revenue to further close the gap between what Senator BAUCUS provided in his amendment the other day, and the amendment Senator KYL has laid down here.

That would be \$45 billion in additional room in order to further reform the estate tax. I want to make clear that would be in a reserve fund, so it would have to be offset, it would have to be paid for.

Mr. KYL. I ask the chairman to yield for a question. The additional \$45 billion, would you have an estimate as to—well, first, what policy in the estate tax would be attached to that? And if it is to add to the exempted amount, what would that take the exempted amount up to?

Mr. CONRAD. I do not know. This is not my amendment. This is an amendment Senator BAUCUS and others have crafted. So I apologize to the Senator, I do not know how much more of an exemption that would permit. But others who have crafted this amendment hopefully will have an answer that can be provided when they are available.

Mr. KYL. Mr. President, if I might further, I had understood an amendment such as this might be offered. My understanding was it would accommodate both an increase in the exempted amount to \$5 million per spouse, and I

also believe to reduce the rate further from 45 down to 35, which would make it identical to my amendment. I might be wrong on that. If you can ask the author of the amendment here if that is true, it would conform it to the levels set in the amendment I have laid down as well.

I wonder, as long as I have interrupted the chairman, if I might make one or two other points.

Mr. CONRAD. Maybe I can conclude this part and go back to the Senator from Illinois who is also inquiring and answer his question.

Mr. DURBIN. If the Senator would yield, I wish to ask the Senator a question. I do not know if you want to offer your amendment first.

AMENDMENT NO. 4196

Mr. CONRAD. Mr. President, I send this amendment to the desk. I have styled it Conrad No. 2. In fact, it is not my amendment. It is the amendment of the chairman of the Senate Finance Committee, who is at this very moment chairing a hearing on this subject, so he could not be here. That is why I am sending it to the desk.

The PRESIDING OFFICER (Mr. WHITEHOUSE). Is there objection to setting aside the pending amendment?

Without objection, it is so ordered.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. CONRAD], for Mr. BAUCUS, proposes an amendment numbered 4196.

Mr. CONRAD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4196) is as follows:

(Purpose: To reform the estate tax to avoid subjecting thousands of families, family businesses, and family farms and ranches to the estate tax)

At the end of Title III, insert the following:
SEC. __. ESTATE TAX REFORM INITIATIVE.

The Chairman of the Senate Committee on the Budget may revise the aggregates, allocations and other appropriate levels in this resolution for a bill, joint resolution, amendment, motion, or conference report that provides up to \$45,000,000,000 in tax relief over the period of the total of the fiscal years 2008 through 2013 for additional estate tax reforms that address the current flaws in the estate tax law, by the amounts provided in such legislation for such purpose, provided that such legislation would not increase the deficit over either the period of the total of fiscal years 2008 through 2013 or the period of the total of fiscal years 2008 through 2018.

Mr. CONRAD. I ask that Senator BAUCUS be permitted, when he is able, to further discuss his amendment. I know we have got time reserved for that purpose.

Mr. DURBIN. If the Senator from North Dakota would further yield, I was listening carefully to his debate as I presided. It is my understanding that he says under current law, two-tenths of 1 percent of the people who die in the United States each year might be

subject to liability to pay the estate tax or, as the Republicans called it, the so-called death tax.

Mr. CONRAD. Yes, that is true, under the exemption rates for next year. Under the exemption rates for next year, it will be two-tenths of 1 percent. I believe this year it is five-tenths of 1 percent; there are 99.5 percent this year that are exempt. Next year it will be 99.8 percent exempt, as the rate goes up.

Mr. DURBIN. I tried to do a quick calculation on the .2 percent. I think I have come to the conclusion that each year in America, 3.5 million Americans die. Of that number, you are projecting that 7,000 out of 3.5 million might have some estate tax liability next year?

Mr. CONRAD. That is the correct math.

Mr. DURBIN. It is my understanding the proposal by the Senator from Arizona is to further enlarge the exemption of those who pay this tax, so that even fewer than 7,000 will actually pay. Is that correct?

Mr. CONRAD. My understanding is—and the Senator might correct me—that under the Kyl proposal the cost would be approaching \$200 billion over—\$458 billion over 10 years.

Mr. DURBIN. So the Senator from North Dakota, as chairman of the Budget Committee, has come to the floor repeatedly with a chart which he can get his hands on in a moment that talks about the accumulation of debt in America under the Bush administration compared to the accumulation of debt in America under all previous Presidents. Does the Senator recall the numbers that were involved in that chart?

Mr. CONRAD. Well, first, in terms of the gross debt of the United States, under this President's watch, the gross debt has nearly doubled. The foreign holding of U.S. debt has more than doubled.

This is it. It took 42 Presidents 224 years to run up \$1 trillion of external debt. Perhaps this is the chart the Senator is referring to. It took 42 Presidents, all of these Presidents pictured, 224 years to run up \$1 trillion of debt, U.S. debt held abroad. This President, as you can see, has far more than doubled that amount in 7 years.

Mr. DURBIN. Let me, through the Chair, ask the Senator from North Dakota a question. The pending amendment by the Senator from Arizona is not paid for, which means he has not suggested increasing some other tax to set it off or cutting spending to offset it; it is simply added to the debt of America. And if that debt the Senator from Arizona wants to add to our national debt over the next 10 years is funded from foreign sources, how much more is going to be added to this figure by the amendment of the Senator from Arizona?

Mr. CONRAD. Well, if his amendment costs another \$458 billion, it is not offset. And in a typical bond auction now conducted by the United States, over